

Message Text

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71

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 USIA-15 FTC-01 TRSE-00

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FM AMEMBASSY SANTIAGO

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E.O. 11652: N/A

TAGS: EIND, CI

SUBJ: APPARENT IMPASSE IN LIFTING INTERVENTION OF U.S.

FILM DISTRIBUTION

1. IN NOVEMBER 9 TELEPHONE CONVERSATION, ALEJANDRO UNDURRAGA (GEN. MGR. TWENTIETH CENTURY FOX AND LOCAL AGENT US MOTION PICTURE EXPORT ASSOCIATION) ASSURED EMBOFF THAT EVERYTHING EXCEPT INTERVENTION NOW SETTLED. UNDURRAGA HAD SPENT FRIDAY MORNING AT STATE-OWNED CHILE FILMS SIGNING AGREEMENTS COVERING FUTURE POLICES, PAST PAYMENTS, AND RETURN OF US DISTRIBUTORS' FILM STOCKS SEIZED SEVERAL MONTHS AGO.

2. HOWEVER, 14 FILMS SENT TO CHILE MONTH AGO REMAIN IN CUSTOMS AND HE UNWILLING TO CLEAR THEM UNTIL GOC LIFTS INTERVENTIONS. HE HAD COMPLAINED TO EMBOFF NOVEMBER 7 THAT CORFO (WITH WHOM HE IS NEGOTIATING ON INTERVENTION) SEEMED TO BE COMPLETELY HUNG-UP ON IDEA THAT "GODFATHER" MUST ARRIVE BEFORE INTERVENTION CAN BE LIFTED. (SIX US FILM DISTRIBUTORS CONTINUE INTERVENED. MGM REACHED SPECIAL AGREEMENT WITH ALLENDE GOVERNMENT.) HE ASKED EMBOFF TO SPEAK TO FEDERICO WILLOUGHBY (PR SPOKESMAN FOR JUNTA), WHO HAD EARLIER EXPRESSED JUNTA'S STRONG INTEREST IN ARRIVAL OF US FILMS ASAP.

3. DURING CONVERSATION WITH EMBOFF, WILLOUGHBY FIRMLY INDICATED THAT "GODFATHER" NOW ONLY STICKING POINT AND THAT INTERVENTIONS MIGHT WELL NOT BE LIFTED UNTIL IT ARRIVES. SAID THIS POINT HAD BEEN
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MADE TO UNDURRAGA AND ROBERT CORKERY (LA REP FOR MPEA) DURING

LATTER'S VISIT HERE EARLY OCTOBER. GOC WILLING TO COOPERATE IN SEVERAL WAYS, E.G., SUSPENDING CUSTOMS DUTIES ON THOSE FILMS OF WHICH PROCEEDS OF OPENINGS WILL BE DONATED TO CHILE'S RECONSTRUCTION FUND, BUT THAT "GODFATHER" MUST ARRIVE. WHEN EMBOFF REPORTED THIS CONVERSATION TO UNDURRAGA, LATTER STATED THAT "GODFATHER" WOULD ARRIVE IN DUE TIME ONCE INTERVENTIONS LIFTED AND DISTRIBUTION NORMALIZED. SAID NO FILMS WOULD BE SENT UNTIL THIS HAPPENDED. UNDURRAGA SAID HE WOULD CONTINUE NEGOTIATING WITH CORFO.

4. COMMENT: BOTH SIDES IN THIS ARGUMENT SEEM INFLEXIBLE. "GODFATHER" APPARENTLY IS PSYCHOLOGICALLY VERY IMPORTANT TO JUNTA IN TERMS OF DEMONSTRATING THAT CHILE IS RETURNING TO NORMAL. ARRIVAL OF "GODFATHER" SHOULD CAUSE INTERVENTIONS TO BE LIFTED AND WOULD CREATE CONSIDERABLE GOODWILL WITH GOC. HOWEVER, UNDURRAGA (ON HIS OWN OR ON INSTRUCTIINS FROM US) OPPOSED TO TAKING THIS STEP. THIS PROBLEM COULD DRAG ON INDEFINITELY IF SOME ACTION NOT TAKEN TO BREAK IMPASSE.

5. ACTION REQUESTED: EMBASSY RECOMMENDS THAT DEPARTMENT CONTACT APPROPRIATE MPEA OFFICIAL TO SEE IF ONE OR TWO COPIES OF THE FILM CAN BE SENT RIGHT AWAY. GIVEN POTENTIAL GAINS, THIS WOULD SEEM SMALL PRICE TO PAY.
THOMPSON

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